

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF THE RATES OF MIKE	)	
LITTLE GAS COMPANY, INC., FOR AN	)	CASE NO. 9535
INCREASE IN GAS RATES	)	

O R D E R

IT IS ORDERED that Mike Little Gas Company, Inc., ("Mike Little Gas") shall file an original and seven copies of the following information with the Commission, with a copy to all parties of record, by May 16, 1986, or within 2 weeks after the date of this Order, whichever is later. Include within the response to each item the name of the witness who will be available at the public hearing to testify on that particular issue. Careful attention should be given to copied material to insure that it is legible. In the event the requested information is not available, Mike Little Gas shall state explicitly why the information cannot be furnished. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide a copy of the following information maintained by the CPA:

- a. General Ledger Preliminary Post.
- b. Schedule of December 31, 1985, adjustments.

2. With reference to the 1985 Annual Report:

a. Page 2 - Explain the circumstance which resulted in the \$29,563 negative cash balance and provide a list of uncashed checks issued by Mike Little Gas showing the check number, date, amount, and payee.

b. Page 2 - Explain the circumstances which resulted in the Accounts Receivable of \$500 from Mike Little, \$10,831 from Elzie Neeley Gas Company, Inc., and \$6,549 from Phelps Gas Company, and state the date(s) that these amounts are expected to be collected.

c. Page 2 - Explain the circumstances which resulted in the \$8,364 prepayment for Engineering Services.

d. Page 7 - Provide an explanation of the purpose of each of the Notes Payable to Mike Little.

3. With reference to Exhibit 1, page 3, of the application, explain why ACRS and DDB depreciation were used for purposes of reporting to the Commission and provide any evidence deemed appropriate as to why an adjustment should not be made to reflect straight-line depreciation on the undepreciated balance for the remaining useful life of each asset affected.

4. For each full-time and part-time employee, provide the following information:

a. Number of regular hours worked in 1985.

b. Number of overtime hours worked in 1985.

c. Wages-rates in effect for each employee. Show the date of each wage change and indicate the number of regular and overtime hours applicable to each wage-rate.

5. Provide the invoices/receipts supporting the following test-year reported expense levels for the following accounts:

- a. Outside Services Employed - \$8,331.
- b. Property Insurance - \$11,258.
- c. Natural Gas Purchases - \$226,981.
- d. Transportation Expense - \$5,066.
- e. Miscellaneous General Expenses - All invoices exceeding \$200.
- f. Property Tax - \$723.

6. With reference to test-year rent expense of \$9,450, provide a schedule showing each asset that is rented and the monthly rental fee. For the office rent, explain how the monthly rent was determined.

7. With reference to Injuries and Damages Expense of \$4,345, explain how the cash theft loss was allocated among the companies operated from the same office. If there was no allocation, explain why the full amount was expensed to Mike Little Gas.

8. State the asset(s) represented by the \$25,000 balance in Non-Utility Property - Net.

9. With reference to Exhibit 5, page 2, item no. 7, of the application, provide the following information:

- a. Indicate the account in the 1985 Annual Report to which the \$9,886 in interest expense was charged.

- b. Reconcile the amounts and payees listed with those shown on page 7 of the 1985 Annual Report.

10. Refer to Exhibit 3, page 1, and explain and show calculations for adjustment nos. 1 and 2 in connection with the present

revenue and proposed revenue calculations in the billing analysis in Exhibit 4, page 1.

11. How many miles of pipeline comprise the Mike Little Gas? What percentage is steel? Plastic?

12. For that portion of Mike Little Gas that is steel describe the corrosion control program implemented. Who is the person employed by Mike Little Gas qualified in corrosion control? What is the proposed construction schedule to replace the remaining steel pipe with plastic?

13. Why hasn't Mike Little Gas provided annual meter test reports to the Commission for 1984 and 1985? Describe Mike Little Gas' meter test program.

14. Provide separately for 1984 and 1985 the following information: total number of meters in service; total number of meter tests made; number and amount of refunds made due to meters registering fast; number of customers billed for slow meters and the total amount billed for.

15. Is Mike Little Gas current in its purchased gas bill with its supplier? If not, why and what is the amount of arrearage, broken down between principal and interest.

16. On Page 2 of Exhibit 1 of the application Mike Little Gas provides "bad debts" of \$4,039.82. Describe the company's procedures in determining a "bad debt" and the steps pursued to collect the debt. Are other debts included herein in addition to uncollectible customer accounts? If so, what are they?

17. Mike Little Gas' application proposed an increase of 18 percent in rates. What impact will this increase have on decreased usage of gas and the loss of customers on the system?

18. What potential exists for increasing the customer base of the Mike Little Gas system?

Done at Frankfort, Kentucky, this 14th day of May, 1986.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary